

EXHIBIT 1

Annexe 1



M&B CAPITAL ADVISERS

October 28th, 2005

Mr Manuel Echeverría
5-7 rue Ami-Levier - Case postale 1256
1211 Geneva

RE : LIF US EQUITY PLUS

Dear Manuel,

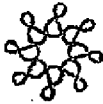
I am writing to you in regard to the disappointing start-up of LIF US Equity Plus Fund; a number of issues have come up to our attention [Redacted] As you know this project is based on the privileged relationship with B. Madoff, who has allowed specifically [Redacted] [Redacted] and other selected investors to have an account with him.

To create the vehicle for the account, we followed your suggestion and agreed to consider UBS Luxembourg as a partner to provide depositary and administration services to the fund (even at the expense of a very high initial price for an expected high quality service).

I am sad to say that the initial steps of the vehicle have been discouraging and have ended up causing a real damage to our investors and to their trust in the vehicle itself. For you to better understand our feelings some additional background might be useful.

1. Without M&B the product would not be possible. As you know Madoff manages a reduced number of accounts and is pretty much against new openings, therefore LIF US Equity Plus is a well differentiated value added private product that requires full attention.
2. Our choice to work with UBS Luxembourg was due to your recommendation and its proven track record in managing accounts with Madoff; we assumed they had the experience to perform all the operations duties related to the account.
3. The mismatch transactions between UBS and Madoff at the beginning of September (being it an operational question of forms, signatures, documents exchange or whatever), caused the fund not to follow the Madoff investment strategy for the month. Whereas investors at other Madoff accounts happily enjoyed the positive results of the strategy at month end, our fund was invested in a current account and money market instruments.
4. Some investors at LIF US Equity Plus are also investors at other Madoff accounts and they are not satisfied with these results. We have already received a number of calls asking for an explanation on the differences of performance, looking for what went wrong and an assessment of damage, all of which implies a loss of trust on the administration of the product. Also, our fiduciary duties to our investors does not allow us to pass by without further action to get their investments restored.
5. On the total amount invested of € 20.3 MM, the fund did not achieve Madoff performance of 100 b.p. (€ 202.890), and it did not even achieve what should have been money market results of 12 b.p. (€ 24.922); it ended up with a surprising 4.8 b.p. (€ 9.971), almost one third of a money market fund and twenty times less than the Madoff accounts.

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M&B CAPITAL ADVISERS

6. As you know the main investor into the fund is [Redacted] that placed [Redacted] at the cost of financing his exposure to the fund with a carry cost of Euribor + 0.75 %, which resulted in an additional cost of [Redacted] over the poor results provided by the fund.
7. What is even more confusing is the NAV calculation for the fund itself and the different share classes. How is it possible that USD Class A and C, which have different fees, both finished with the same result?. And what explains the month end difference between USD and EUR classes?. How was possible that middle month valuation of the EUR share class was negative?.
8. As you will recall on our first conversations with UBS last December it was agreed that the fund would be launched as a private vehicle exclusive to M&B and Reliance investors, acting UBS as investment manager and also delivering custody and administration services to the fund.
- Eventually it was agreed that Reliance will also have the role of investment advisor to the fund, M&B to be appointed as a commercial distributor. The fund is a UCIT approved instrument and M&B a registered financial service company in the European Union, so a direct contract between M&B and the fund is the easiest and more natural way to sustain our relationship. Why a contract is still not in place and why we haven't even seen a draft is something we do not understand.
9. And now just as an anecdote, we hope, we have being informed by UBS that subscriptions for our managed accounts through Spanish depositary banks, should pass by UBS Madrid or pay a 5% subscription fee. Let us assume that this is a mistake and criteria will soon revert to common sense.

To recapitulate, we are enthusiastic about the product and volumes expected and are happy with the partner selected for the management of the vehicle, but at this stage we do not consider to be in solid ground in which to build it up. To get some comfort to continue our commitment to the product at least we would need:

- A detailed explanation on September numbers, income to the fund and NAV calculations.
- Compensation to current investors in the fund at the beginning of September, both providing them the difference they are missing in performance (see attached calculations) to Madoff's results and financing cost to the main investor.
- A fee reduction from UBS to set their total fees in the range of 15 to 20 b.p.
- A formal distribution contract with M&B since September 1st.
- Procedures in place and access to M&B officials to directly track subscriptions, redemptions and nominee banks investing into the fund, as well as the portfolio trades, expenses, NAV and retrocession calculations.

We think these requests are achievable and we also think the partnership created for the product should work from now on with no problems. We value relationships and this should prove to be a good one on the long-term, but a short-term strategy change has to happen to make it work.

Please let us know how these issues will be solved.

Best regards,

Juan Carlos R. Hergueta

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LIF - US EQUITY PLUS
SEPTEMBER 2005 DAMAGE TO INVESTORS

<u>Conditions to apply</u>	<u>Class A \$</u>	<u>Class C \$</u>	<u>Class B €</u>	
Management Fee	0,60%	1,10%	0,60%	
Admin & Custody	0,45%	0,45%	0,45%	
Total fees	1,05%	1,55%	1,05%	

<u>Investments at 31/08/2005</u>				<u>1,2000</u> <u>TOTAL EUR</u>
Units	8.730	2.000	11.355	
NAV	1.000	1.000	1.000	
Total Invested	8.730.000	2.000.000	11.355.000	20.236.067

<u>Alternative 1 (A1): As Kingate (1.5% mgmt fee)</u>				
Madoff monthly gross return (Kingate, etc)	1,14%	1,14%	1,06%	
Applicable fees p.m.	0,09%	0,13%	0,09%	
LIF expected return	1,06%	1,01%	0,97%	1,00%
P/L	91.477	20.116	108.895	202.890
NAV	1.010,48	1.010,06	1.009,68	
Expected assets	8.821.477	2.020.116	11.464.895	20.486.556

<u>Alternative 2 (A2): Treasury Bills</u>				
Days 1 to 7	3,30%	3,30%	1,88%	BBA O/N Libor -0.25%
	5,609	1,285	4,176	30/360
Days 8 to 30	3,45%	3,45%	1,86%	Est BBA 3wks Libor -0.25%
	19,242	4,408	13,494	30/360
Portfolio result	24,852	5,693	17,670	
Fund expenses	-7,534	-2,543	-8,800	
P/L	17,317	3,145	7,870	24,922
Return for the month	0,20%	0,18%	0,07%	0,12%
NAV	1.001,98	1.001,57	1.000,89	
Expected assets	8.747.317	2.003.145	11.362.870	20.321.569

<u>Plus financing main investor (A2 + Financing)</u>				
Investment			10.000.000	
Euribor 3 Months (sep 1st)			2,13%	30/360
Lending rate			0,76%	
Financial cost p.a.			2,88%	30/360
P/L of financing			-24.000	-24.000

<u>Alternative 3 (A3): UBS accounts</u>				
P/L	9.428	2.160	114	0,771
Return for the month	0,11%	0,11%	0,00%	0,048%
NAV	1.001,08	1.001,08	1.000,01	
Assets	8.738.428	2.002.160	11.355.114	20.305.437

<u>UBS accounts A3 v. A1, A2 and A2+Financing</u>				
Difference with Alternative 1 (Madoff results)	82.049	17.936	108.782	193.119
Difference with Alternative 2 (Money market results)	7.889	985	7.757	15.152
Difference with Alternative 2 (Money market plus financing costs)	7.889	985	31.757	39.152